

Permanent
Presentation to the House Select Committee
Reduction in Size of the
on Intelligence on the DDO Cuts *the DDO:*

Admiral Stansfield Turner

Director of Central Intelligence

30 November 1977

I. Why were the cuts necessary?

Soon after my arrival in the Agency last March I began to hear that the Directorate of Operations was over staffed. It was almost universally perceived within the Agency that the DDO had excess people, resulting in over management and under utilization of talent. Some organizations could tolerate this, but not an organization like the CIA where we are fortunate to have high-quality, dedicated and ambitious people. Nor, from a broader standpoint, is it tolerable to have unnecessary people on the taxpayers' payroll.

At that time the Directorate of Operations was already engaged in a three-phase restructuring and paring down program. I encouraged and received a report on their efforts in mid-July.

II. Determination of the size of the reduction.

The report I received presented a range of opinion as to the extent of the cut that was necessary. I elected to be conservative and take the smallest number suggested -- 820. To reduce 820 positions we must first lose those 820 people. But to remain at that reduced manning level, yet provide for the hiring of new blood at the bottom, and provide a reasonable promotion opportunity throughout the system, approximately 215 additional people must be attrited each year. As we plan to phase the basic 820 cut over two fiscal years, the annual planned attrition of 215 persons per year will add 430 to that 820 giving a total ~~one time~~ reduction of 1,250

over this two year period.
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US simply must continue to build a sufficiently attractive career opportunity to attract & retain the same caliber people in 1987 as we had in 1977.

individuals. The 430 part of the cut will of course be replaced by new hires. I feel very strongly that, despite the additional pain it causes us, we cannot afford to neglect either the promotion opportunity for those already in the organization or the necessity of bringing in people in approximately equal annual increments at the bottom. Parenthetically, I might say that "at the bottom" is intended to mean just that. I see little prospect for more than a handful of specialists coming in at middle or upper levels.

III. Timing of the reduction.

Of the alternatives presented to me for phasing the reduction, I opted for the quickest, which was accomplishable over a two year period. Given the changes the last few years have brought to the CIA, I felt it would be better for morale not to prolong this action. Extending the reduction over a six-year period might have made it possible to achieve the reduction through attrition alone, but that would have left an air of uncertainty hanging over the entire organization for that long period and in the end might not have brought about the reductions in the right places. In addition, I do not believe I could honestly face your Committee in its budgetary role and suggest that the Agency should retain such a considerable number of people in excess of its needs for six years.

On August 8 I announced this intended reduction -- first privately to the employees and then publicly to the media. It was in turn well publicized in and outside the Agency. I further announced that we would notify those who were going to be asked to leave in Fiscal Year 1978 not later than the first

of November 1977; that none of those persons would be asked to leave prior to the first of March 1978. Those being asked to leave in Fiscal Year 1979 would be notified by 1 June 1978 and not required to leave prior to 1 October 1978.

Between the time I notified CIA employees in August that there would be a reduction, and the first announcement to individuals on the first of November as to who would be released, I received no complaints either as to the necessity for cuts or how they would be effected. Even since the announcement of who would be released, I have found no one in the Agency who seriously believes that the reduction is not in order.

IV. Who is to be released?

In deciding how to allocate the reduction across grades and skills, my end objective has always been to maintain at least as much clandestine intelligence capability as we possess today. We do not have a surplus of human intelligence collection capability, hence, there will be no meaningful reduction in overseas strength or activities, nor appreciable reduction in the size of the officer operational corps.

I directed that the individuals selected for release in the first year come more from the senior grades. More would be eligible for normal retirement and cuts at that level would tend to relieve rather than exacerbate the over-management problem.

V. Method of selecting the individuals.

For those below the supergrade level, the individual's accumulated efficiency reports were the basic determinants of who was to leave. The Agency's periodic evaluation boards numerically rank individuals within each grade level. These rankings combined with efficiency report grades were the basis for a point system. An explicit explanation of this point system was published for all personnel in the Operations Directorate in .

early October. Beyond this mechanical evaluation, a panel reviewed the calculations and used good judgment in making exceptions where unique skills needed to be retained or humanitarian circumstances were overriding. These were rare exceptions, however, and the rule of the numerical ranking was closely followed.

In June this year we initiated an annual process by which a senior panel composed of officers at the Executive position level rank all supergrades. The Director for Operations used these rankings as the basis for his recommendations on release of supergrades to me. Again, there were exceptions to the ranking order, but they were rare.

There are two additional points that I would like to make on these selections:

- o As far as I can determine, there was no bias by type of service, agreement with current management, race or sex in the selection of these individuals. There were, for example, only 17 women, 4 blacks, and 3 Hispanics in the total of 212 forced reductions for Fiscal 1978.
- o There is no question that we were forced to terminate some very capable people. The Directorate of Operations has been shrinking continually since our withdrawal from VietNam. The majority of the marginal performers have already been eliminated. There is no way today to reduce further without asking very competent people to leave. This is unpleasant, unfortunate, but I believe necessary!

VI. Style of notification.

The method by which notifications were issued to individuals has been criticized. I regret that individuals may have been offended or felt that their prior service was not fully appreciated. Such is not the case. Everyone of these individuals has made sacrifices and many have endured privations and risks

for their country. Being fully cognizant of their past contributions, we are determining whether any of these 212 people can be relocated in other directorates within the Agency to fill existing vacancies. Consequently, while individuals have received a notification that their release has been recommended, we are still exploring alternative employment possibilities. Until those alternatives have been exhausted, no final determination on their employment will be made.

I anticipate that 25% of these 212 people will be offered alternative positions. Additionally, I am personally approaching the chiefs of all the other intelligence services of our country to ask that they give the residual of these 212 special consideration in their hiring requirements.

Finally, in a few cases, notices went to those who would be able to retire if permitted to serve a small amount of additional time. In these cases, we have arranged that no one will be forced to retire before the end of Fiscal Year 1979, when the program must be complete, if he would qualify for retirement by that time.

VII. Is there a security risk?

It has been suggested that the departure of sizable numbers of employees risks their being suborned by enemy intelligence agents. Frankly, I have too much confidence in their loyalty and dedication to take such a suggestion seriously. There was no such experience, to the best of my knowledge, under former Director James Schlesinger in 1973, when 632 employees were separated. Our unfortunate experiences with former employees violating their secrecy agreement have come entirely from individuals who have left the Agency of their own volition.

VIII. Next phase of the reduction.

The Fiscal 1979 cut will require approximately the same number of reductions, perhaps more if attrition does not meet expectations. We intend not to wait until the first of June and then send out all of the notifications at once but to commence notification

as early as possible. None will be required to depart before the first of October 1978.

IX. Conclusions.

Many are concerned that this reduction may have hurt the morale of the Directorate of Operations. There is no question that in the short-term it has. The long-term objective, however, is quite the reverse; it is to rebuild morale by ensuring operational efficiency and full utilization of talent. More than that, morale in the Directorate of Operations will be further strengthened through the sustained expression of support for its vital activities such as has come from this Committee and which also must come from a broader range of citizens. We must lift the pall of suspicion which hangs over the Intelligence Community in general and the Central Intelligence Agency in particular, which obscures the exceptional contribution these ~~agencies~~ *agencies* have made in the past and are making today.

I would not have encouraged and approved this sizable reduction had I not thought that in the long run it would strengthen the Directorate of Operations and the Central Intelligence Agency. We need the capabilities of this Directorate as much today as ever. Although new technical means of collection permit us to extend our collection efforts, they only compliment, they do not supersede human collectors. Only human collectors can gain access to motives, to intentions, to thoughts, and plans. They will always be vital to our country's security.

It would have been much easier for me to have avoided this issue and attempted to continue over strength until you or the appropriations committees or the Office of Management and Budget uncovered these excesses and made the reductions in my behalf. Contrary to media reports, I was not directed to make these cuts either by the Vice President or David Aaron of the National Security Council staff. I have talked to neither on the subject except to keep the Vice President informed of my decisions. In my opinion ~~that~~ I would have been avoiding my duty and would have been placing

as reported in some media.

In sum, it is

short-term considerations ahead of long-term necessities in putting the cuts off. We simply must build a foundation today for a Central Intelligence Agency that will be capable of continuing into the indefinite future the outstanding performance it has given our country during the past thirty years. //

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28 NOV 1977

DRAFT

SUBJECT: Presentation to the Senate Select Committee on
Intelligence on the DDO Cuts

I. Why were the cuts necessary?

A. Quickly after my arrival in the Agency last March

I began to hear from many sources that the Directorate of Operations was over staffed. I soon found that it was almost a universal perception within the Agency that the DDO had excessive numbers of people which were resulting in over management and under utilization of its talent. This, I believe, would be tolerable in some organizations. It is not in an organization of the high-quality, dedicated and ambitious people we are fortunate to have in the CIA. Nor is it a tolerable situation to have large numbers of unnecessary people on the taxpayers' payroll.

1. I discovered that the Directorate of Operations was already engaged in a three-phase program to restructure this organization and to slim its strength. I encouraged a report on that program and received it in mid-July.

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II. Determination of the size of the reduction.

A. The report I received had a spread of opinion as to the size of the cut that was necessary. I elected to be conservative and took the smallest of the numbers suggested--820. What this means is that in order to reduce 820 positions we must lose not only 820 people but approximately 215 additional people each year in order to provide for the hiring of new blood to come in at the bottom, and by the same token to provide for a reasonable promotion opportunity throughout the system. For reasons I'll mention in a moment, we plan to phase the 820 cut over two fiscal years. This in effect means we must eliminate 820 positions while also taking in 430 new people for a total reduction of 1,250 individuals. I feel very strongly that, despite the additional pain it causes us, we cannot afford to neglect either the promotion opportunity for those already in the organization or the necessity of bringing in people in approximately equal annual increments at the bottom. Parenthetically, I might say that "at the bottom" is intended to mean just that for I see little prospects for bringing more than a handful of specialists into this very special organization at the medium or upper levels.

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III. Timing of the reduction.

- A. Of the alternatives presented to me for phasing the reduction, I opted for the quickest or two years. In the first place, I felt this would be far better for morale. Had we done it over about a six-year period it might have been possible to achieve the reduction through attrition only. In the first place, that might not have brought about the reductions in the right places. In the second place, it would have left an air of uncertainty hanging over the entire organization for that long period of time because if the goals were not met by attrition they would have to be met by forced reductions. In addition, I do not believe I could honestly face your Committee in its budgetary role and suggest that the Agency should retain considerable numbers of people in excess of its needs for half a dozen years.
- B. On August _____ I announced this intended reduction--privately to the employees and publicly to the media. It was in turn well publicized both inside and outside the Agency. I further announced that we would notify those who were going to be asked to leave in Fiscal Year 1978 not later than the first of November 1977, and that none of those persons would be asked to leave

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prior to the first of March 1978; that those being asked to leave in Fiscal Year 1979 would be notified by 1 June 1978 and not required to leave prior to _____ 1978.

C. Incidentally, it is of interest that between the time I notified the employees in August that there would be a reduction, and the first announcement to individuals on the first of November as to who would be released, I received no complaints either as to how the question of the necessity for cuts or as to how it was going to be effected. Even after the announcement of the individuals, I still have not found anyone within the Agency who seriously believes that the reduction is not in order.

IV. Who is to be released?

A. In deciding how to allocate the reductions across grades and skills, my end objective has always been to maintain at least as much clandestine intelligence capability as we possess today. It is my view that we do not have a surplus of that capability to the needs of our country. Hence, there is to be no meaningful reduction in our overseas strength or activities. Hence, there is to be no reduction in the size of the officer operational corps which

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will [REDACTED] Thus, the cut will be taken in Headquarters officer personnel, in paraprofessional and clerical personnel.

B. Beyond this, I directed that the cut be across the board but with a somewhat higher percentage in the three supergrades. I was anxious to avoid our becoming top-heavy, for clearly there is an inclination of organizations to contract disproportionately at the top. This could perpetuate our problem of over management even at reduced total strength. I also requested that the individuals selected for reduction in the first year come more from the senior grades than the junior on the thought that there were more of these persons who could retire and be subject to lesser hardship.

V. Method of selecting the individuals.

A. For those below the supergrade level, the basic determinant of who was to leave was the individual's accumulated efficiency reports. The Agency has a procedure whereby periodic evaluation boards rank the members of different grade levels. These rankings and the gradings on the efficiency reports themselves were the bases for establishing a system of points. This system was explicitly published to all the personnel

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in the Operations Directorate in early October. Individuals could virtually calculate their score and, hence, the probability of being one of those asked to leave. The process, however, was not entirely mechanical and mathematical. A panel reviewed the calculations and made exceptions where appropriate for the retention of unique skills or humanitarian circumstances. These were exceptions, however, and the rule of the numerical ranking was closely followed except for _____ supergrades. We have an annual process by which a senior panel composed of officers at the Executive position level ranks the officers within each of the three supergrades. The Director ^{for} ~~of~~ Operations used these rankings as the basis for his recommendations to me. Again, there were exceptions to the ranking order, but they were exceptions.

B. There are two additional points that I would like to make on the selection of these people to leave:

1. As far as I can determine, there was no bias by type of service, area of service, agreement with current management, race or sex in the selection of these individuals. There were, for instance, only 17 women and 4 blacks and

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3 Hispanics in the total of 212 forced reductions in Fiscal 1978.

2. There is no question that we were forced to terminate some very capable people. The Directorate of Operations has been shrinking continually since our withdrawal from Vietnam. In my view we have previously eliminated the majority of the marginal performers. There is no way today to take a reduction without having to ask very competent people to depart. This is unfortunate, it is unpleasant, it is necessary!

VI. Style of notification.

- A. Unfortunately, there have been some complaints at the method in which notifications were issued to individuals. I am most sorry if any of our loyal staff have been offended, or if they have felt that their prior services were not fully appreciated. Such is not the case, for everyone of these individuals has sacrificed and endured ^{IV}probations and risks for his country. The last word on these notifications and expressions of appreciation is not in as yet, however. We are at the moment still circumscribed to some of the legal necessities in the handling of these cases. We are also still very much involved in determining whether any of these 212 people can

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agents. This thought never crossed my mind in making

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the decision for this reduction. I simply have too much confidence in the loyalty and dedication of these people. There was no such experience, to the best of my knowledge, when former Director James Schlesinger asked for the termination of _____ people in 197__.

1. Our unfortunate experiences with former employees violating their secrecy agreement have come entirely from individuals who have left the Agency on their own volition.

VIII. Next phase of the reduction.

- A. The Fiscal 1979 cut will require approximately the same number of reductions, perhaps more if attrition does not meet expectations. We intend to commence notification of individuals involved as early as possible. We will not wait until the first of June and then send out all of the notifications at once.

2. With ^{proper preparation} ~~more time to prepare in this instance~~, we will progressively notify people but ensure that the small exceptions all are notified by the first of June with none being required to depart before the first of _____. Exceptions to this rule will be small but necessitated by adjustments that will have to be made during Fiscal Year 1979 to ensure that we end up at our final figure.

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IX. Conclusions.

- A. There are those who are concerned because this reduction may have hurt the morale of the Directorate of Operations. There is no question that it has because it simply is not a desirable nor pleasant task to undertake. The long-term objective, however, has been quite the reverse; that is, to promote the morale by promoting efficiency and full utilization of talent. In my view what is really needed today for the morale in the Directorate of Operations is the expression of clear support for its activities such as has come from this Committee and which also must come from a broader range of citizens and in even more public ways. Somehow we must begin to lift that veil of constant suspicion which is hanging over the Central Intelligence Agency and our Intelligence Community in general and through which the magnificent performance of these agencies in the past is being obscured by the relatively few mistakes that occurred.
- B. I would not have encouraged and approved this sizable reduction had I not thought that it would in the long run strengthen the Directorate of Operations and the Central Intelligence Agency. We need a type of breakdown in this Directorate as vitally today as ever before. It is simply hogwash to state, as has the

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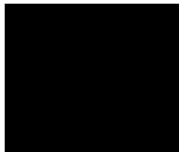
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media in some instances, that new technical forms of intelligence collection are superseding the clandestine collection capabilities of this Directorate. There is a uniqueness of quality and capability in clandestine intelligence collection which cannot ever be matched by inhuman technical systems. They will always be vital to our country's security.

C. It would have been much easier for me to have avoided this issue and attempted to go along over strength until you or the appropriations committees or the Office of Management and Budget uncovered these excesses and made the reductions in my behalf. Doing so, however, in my opinion would have been avoiding my duty and would have been putting short-term ^{look of strife} pleasure ahead of long-term necessities. We simply must build a foundation today for a Central Intelligence Agency that will be capable of continuing into the indefinite future the outstanding performance it has given our country in the past thirty years.

cc:
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TRANSMITTAL SLIP		DATE
TO		14 Dec 77
ROOM	HQ	
REMARKS:		
<p>Mary -</p> <p>This incorporates the various suggestions he received plus the 7 he dictated. The handwritten parts are additions he made after the hearing to turn it into a Director's Note</p>		
FROM		
ROOM N		
		EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-B
WHICH MAY BE USED.

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